

PUBLIC DISCLOSURE

APRIL 16, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BROCKTON BROTHERHOOD CREDIT UNION

115 COMMERCIAL STREET
BROCKTON, MA 02402

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Brockton Brotherhood Credit Union prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory "

The primary factors which contributed to the credit union's overall rating include the following:

Brockton Brotherhood Credit Union's has achieved an average net loan-to-deposit (share) ratio of 64.7 percent for the period December 1999 to December 2001. This ratio indicates a willingness to meet the credit needs of its assessment area.

The credit union has extended a reasonable percentage of loans within its assessment area. A total of 76.9 percent of a sample of consumer loans and 63.6 percent of the credit union's HMDA-reportable loans were granted within its assessment area for the period under review.

The distribution of credit to borrowers of different income levels exceeded satisfactory levels of performance. Low and moderate-income borrowers represent 60.0 percent of a sample of consumer loans and 33.3 percent of all HMDA-reportable loans, which the credit union has originated

The geographic distribution of HMDA-reportable loans revealed that 28.6 percent of the originations were in moderate-income census tracts.

The credit union has not received any CRA related complaints since the prior examination. Brockton Brotherhood Credit Union's fair lending performance was found to be satisfactory at this time.

PERFORMANCE CONTEXT

Description of Institution

Brockton Brotherhood Credit Union (BBCU) is a small community credit union incorporated under the laws of the Commonwealth of Massachusetts.

The credit union's by-laws state that "Membership in BBCU is limited to those living, working or having business in Plymouth, Bristol, or Norfolk Counties; or within thirty (30) miles of the credit union for the purpose of payroll deduction." The credit union's membership consists of approximately 9,384 members.

The credit union's main office is located at 115 Commercial Street in Brockton and staffed by 18 employees. Office hours are convenient with extended hours on Thursday, Friday and Saturday. The credit union has an Automated Teller Machine (ATM), linked to the NYCE and Cirrus networks. The credit union closed its branch located on Torrey Street in Brockton in July 2001.

As of December 31, 2001, the credit union had total assets of \$50.7 million. The credit union has a net loan to asset ratio of 49.6 percent. Currently, the credit union maintains 75.4 percent of its loan portfolio in first mortgages and 5.2 percent in other real estate loans/lines of credit. In addition, 14.7 percent of the loan portfolio represents new and used automobile loans, 3.8 percent personal unsecured loans, and 0.9 percent all other loans/ lines of credit.

Refer to the following table for details.

Loan Portfolio as of December 31, 2001

Type of Loans	\$(000)	% total
Loans Secured by Real Estate		
a. First Mortgage Real Estate Loans	19,155	75.4
b. Other Real Estate Loans/Lines of Credit	1,312	5.2
Subtotal -	20,467	80.6
Consumer Loans		
a. Unsecured Credit Card Loans	541	2.1
b. All Other Unsecured Loans	421	1.7
c. New Vehicle Loans	970	3.8
d. Used Vehicle Loans	2,759	10.9
Subtotal	4,691	18.5
All Other Loans/Lines of credit	235	0.9
Total Loans	25,393	100.0

Source: Statement of Financial Condition as of 12/31/2001

Brockton Brotherhood Credit Union was last examined for compliance with the Community Reinvestment Act by the Commonwealth of Massachusetts Division of Banks on August 31, 1998. That examination resulted in a CRA rating of "Satisfactory".

Description of Assessment Area

For CRA purposes the credit union defines its assessment area as the City of Brockton and the following towns: Easton, Bridgewater, East Bridgewater, West Bridgewater, and Whitman.

The credit union's office is located in Brockton, a major urban community south of Boston. Brockton was the shoe-manufacturing center of the region from the late 18th century through the 1950's. The city's largest employers are Shaws Super Market, the City of Brockton and three area hospitals.

The 1990 income data provided on Brockton Brotherhood Credit Union's assessment area indicates that the median family income ranges from a low of \$41,589 in Brockton to a high of \$61,276 in Easton.

The median home values range from a low of \$131,700 in Brockton to a high of \$171,900 in Easton. However, a more accurate figure was obtained from the year-to-date 2002 housing statistics in the April 2002, Bankers and Tradesman Journal. According to this publication, the year-to-date median housing values in the communities served by the bank are \$177,838 in Brockton, \$190,438 in Whitman, \$221,500 in West Bridgewater, \$228,700 in East Bridgewater, \$267,500 in Bridgewater, and \$286,500 in Easton. The percentage of owner-occupied homes within the assessment area range from a low of 53.3% in Brockton to a high of 86.0% in West Bridgewater.

BBCU's assessment area is comprised of 37 census tracts. All tracts are within the Brockton Metropolitan Statistical Area (MSA). Two or 5.4 percent are low-income census tracts, 8 or 21.6 percent are moderate-income census tracts, 24 or 64.9 percent are middle-income census tracts and 3 or 8.1 percent are upper-income census tracts. The two low-income tracts and seven of the moderate-income tracts are located in Brockton. The other moderate-income tract is located in Bridgewater.

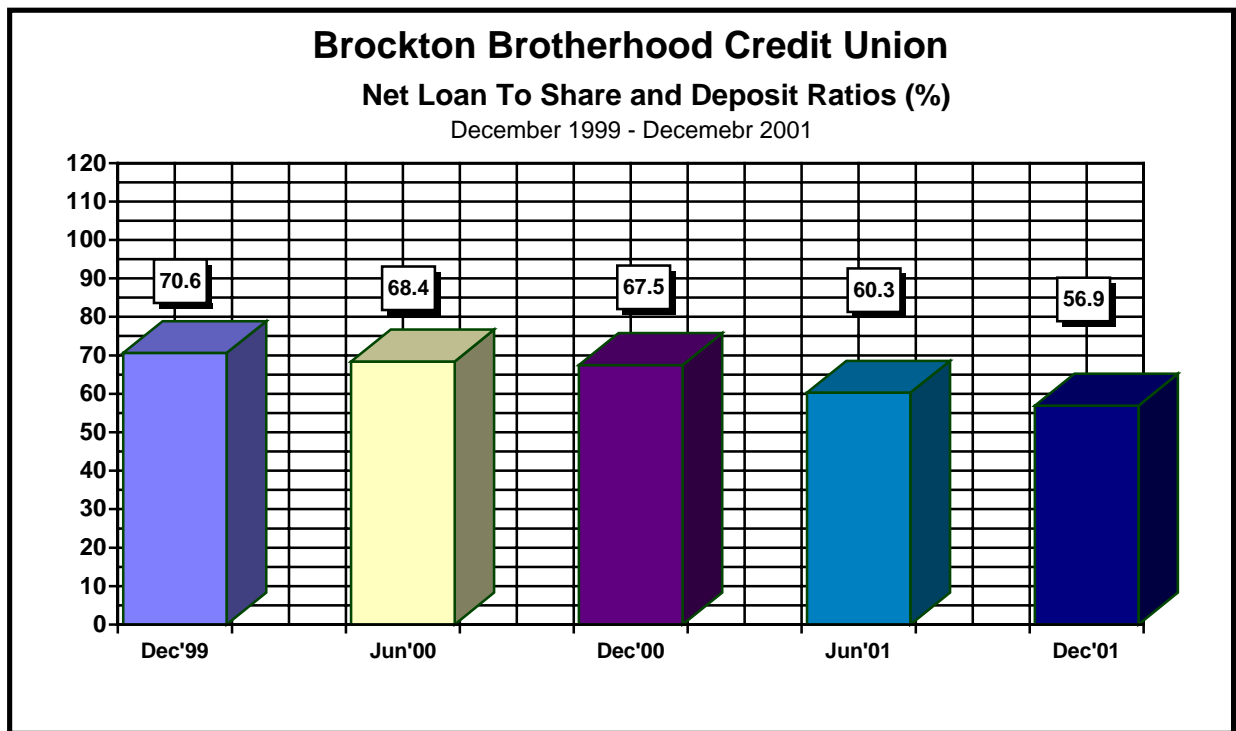
PERFORMANCE CRITERIA

1. NET LOAN TO SHARE AND DEPOSIT ANALYSIS

An analysis of Brockton Brotherhood Credit Union's net loan to share and deposit ratio was performed during the examination. The calculation incorporated five NCUA 5300 Call Reports of the credit union's net loan to total share and deposit figures. This review included the reports from December 31, 1999 through December 31, 2001.

The institution's average loan to share and deposit ratio for the period under review was determined to be 64.7%. The analysis revealed that the ratios have fluctuated from a high of 70.6 % on December 31, 1999 to a low of 56.9% on December 31, 2001.

The following graph illustrates the loan to share trends.



Loans have decreased by approximately 14.1 percent from December 31, 1999, to December 31, 2001 while deposit growth has increased steadily for the same period by approximately 6.6 percent. The decline in the ratios over the period is due to an increased competition for lending from other major institutions in the assessment area.

Based on the above information and the credit union's capacity to lend, the types of loans available at the credit union, and the lending opportunities available in the assessment area, the net loan-to-share and deposit ratio is considered to meet the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA (S)

A review of Brockton Brotherhood Credit Union's loan originations during 2000, and 2001 was conducted during this examination. The majority of loan originations by this institution are consumer loans. Of the 703 loans originated, 670 or 95.3 percent were consumer loans. Thirty-three (33) mortgage loans originated during this time period were considered to be reportable under the Home Mortgage Disclosure Act (HMDA).

A sample of 78 consumer loans was taken from years 2000 and 2001. This sample revealed that 60 or 76.9 percent of the number and \$611,000 or 76.9 percent of the dollar amount were within the credit union's assessment area.

Refer to the following tables for additional information.

<i>Distribution of Consumer Loans Inside and Outside of the Assessment Area</i>								
<i>Year</i>	<i>Inside</i>				<i>Outside</i>			
	<i>Number of Loans</i>		<i>Dollar in Loans (000s)</i>		<i>Number of Loans</i>		<i>Dollars in Loans (000s)</i>	
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>
<i>2000</i>	36	80.0	425	82.2	9	20.0	92	17.8
<i>2001</i>	24	72.7	186	66.9	9	27.3	92	33.1
<i>Total</i>	60	76.9	611	76.9	18	23.1	184	23.1

Source: Credit Union consumer loan files

A review of Brockton Brotherhood Credit Union's 2000 and 2001 Home Mortgage Disclosure Act Loan Application Registers (LARs) was also conducted to determine the distribution of HMDA-reportable loans. This information indicated the credit union originated 33 HMDA reportable loans totaling \$2,369,000 during this period. Of this number, 12 or 36.4 percent were home improvement loans, 13 or 39.4 percent were refinances and 8 or 24.2 percent were purchased loans. A total of 21 loans or 63.6 percent of the number and \$1,203,000 or 50.8 percent of the dollar amount were originated within the credit union's assessment area. The relatively low percentage of the dollar amount of loans originated is the result of lower housing values in Brockton compared to the rest of the assessment area.

<i>Distribution of HMDA Reportable Loans Inside and Outside of the Assessment Area</i>								
<i>Year</i>	<i>Inside</i>				<i>Outside</i>			
	<i>Number of Loans</i>		<i>Dollar in Loans (000s)</i>		<i>Number of Loans</i>		<i>Dollars in Loans (000s)</i>	
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>
<i>2000</i>	11	64.7	289	37.6	6	35.3	480	62.4
<i>2001</i>	10	62.5	914	57.1	6	37.5	686	42.9
<i>Total</i>	21	63.6	1,203	50.8	12	36.4	1,166	49.2

Source: Internally generated LARs

As illustrated in the above tables, the majority of the number and dollar amount of consumer and HMDA reportable loan originations were extended within the credit union's assessment area. The largest concentration of loan originations was in the City of Brockton. Originations within the City of Brockton represented 53.8 percent of all consumer loan originations and 35.0 percent of HMDA reportable originations for this examination. When compared to originations inside the assessment area, Brockton accounted for 70.0 percent and 48.5 percent of consumer and HMDA reportable loan originations, respectively. This is to be expected since the credit union's only office is located in Brockton.

Based on the above information, BBCU meets the standards of satisfactory performance in making loans within its assessment area.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

An analysis of consumer and HMDA reportable loans extended within the credit union's assessment area among borrowers of various income levels was conducted. Originations were categorized by the ratio of the applicant's reported income to the 2000 and 2001 estimated median family income of the Brockton Metropolitan Statistical Area (MSA). The median income for the Brockton MSA was \$57,700 and \$61,300, respectively. Income figures were based on estimated data from the Department of Housing and Urban Development (HUD).

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as 50 to 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income greater than 120 percent of the median family income.

The following tables provide a breakdown of a sample of consumer loans and all HMDA reportable loans originated among the credit union's membership by applicant income level.

<i>Distribution of Consumer Loans by Borrower Income</i>						
<i>Median Family Income</i>	<i>2000</i>		<i>2001</i>		<i>TOTAL</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Low	11	30.5	9	37.5	20	33.3
Moderate	10	27.8	6	25.0	16	26.7
Middle	13	36.1	8	33.3	21	35.0
Upper>	2	5.6	1	4.2	3	5.0
TOTAL	36	100	24	100	60	100

Source: Credit Union loan files reviewed.

Lending to low and moderate-income borrowers represents approximately 60.0 percent of consumer loans. The highest proportion occurs within the low-income category where 33.3 percent of loans were made.

It should be noted that the majority of consumer loans were granted to single applicants. As a result, the percentage of originations occurring in low and moderate-income levels is somewhat higher than in residential mortgages, since the income is compared to median family income. However, the percentage of consumer loans falling within low and moderate-income categories is still considered substantial

<i>Distribution of HMDA Reportable Loans by Borrower Income</i>								
<i>Median Family Income</i>	<i>% Total Households</i>	<i>Aggregate Lending Data (% of #)</i>	<i>2000</i>		<i>2001</i>		<i>Total</i>	
			<i>2000</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>
Low	25.6	4.9		2	18.2	0	0.0	2
Moderate	16.0	19.8		3	27.2	2	20.0	5
Middle	21.1	27.3		4	36.4	6	60.0	10
Upper	37.3	28.2		2	18.2	1	10.0	3
N/A	-	19.8		-	-	1	10.0	1
Total	100	100		11	100	10	100	21

Source: U.S. Census, LAR, and 2000 Aggregate Data

As the table above indicates, BBCU made 33.3 percent of all HMDA-reportable loans to low and moderate-income borrowers. Although Brockton Brotherhood Credit Union is not

a major HMDA reporting lender in the assessment area, aggregate data analysis was used for comparison purposes and was provided through PCI Inc., CRA WIZ software. Brockton Brotherhood Credit Union originated 45.4 percent of its HMDA reportable loans to low and moderate-income borrowers in 2000 compared to the aggregate data for all other lenders within the assessment area with 24.7 percent.

Based upon the above analysis and considering the local area demographics, Brockton Brotherhood Credit Union's loan distribution to borrowers of different income levels appears to meet the standards for satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

While HMDA-reportable loans are required to report census tract geographies, consumer loans are not identified by census tract, so no analysis of the geographic distribution of these loan types was conducted.

An analysis of the number of HMDA-reportable loans extended within the various census tracts within the credit union's assessment area during 2000 and 2001 was conducted. This analysis indicated that no loans were originated within low-income census tracts; 28.6% of HMDA loans were originated within moderate-income census tracts, 66.7% were made within middle-income census tracts, and 4.7% were within upper-income census tracts.

The following table shows the number of loans in comparison to the number of owner-occupied housing units in each census tract income category.

<i>Distribution of HMDA Reportable Loans by Income Category of the Census Tract</i>								
Census Tract Income Level	% Total Owner-Occupied Housing Units	Aggregate Lending Data (% of #)	2000		2001		Total	
			2000	#	%	#	%	#
Low	1.5	2.9	0	0.0	0	0.0	0	0.0
Moderate	11.5	16.7	4	36.4	2	20.0	6	28.6
Middle	74.8	68.8	7	63.6	7	70.0	14	66.7
Upper	12.2	11.6	0	0.0	1	10.0	1	4.7
Total	100	100	11	100	10	100	21	100

Source: U.S. Census, Internal LAR, and 2000 Aggregate Data

In 2000, BBCU did not originate any loans in the two low-income census tracts. The credit union originated 36.4 percent of its loans in moderate-income census tracts. Although the credit union is not a major HMDA- reporting lender in the assessment area,

aggregate data was used for comparison purposes. The data indicate that all other lenders within the credit union's assessment area originated 2.9 percent of loans in low-income census tracts and 16.7 percent in moderate-income census tracts.

Based upon the above analysis and considering the local area demographics, Brockton Brotherhood Credit Union's geographic distribution of loans is determined to meet the standards of satisfactory performance.

FAIR LENDING POLICIES AND PRACTICES

The credit union has adopted a Fair Lending Policy that is comprehensive in nature and addresses specific areas such as loan review, staff training, fair lending procedures, loan application and evaluation process.

Brockton Brotherhood Credit Union meets the level of satisfactory performance relating to Fair Lending Policies and Procedures.

Brockton Brotherhood Credit Union's Fair Lending Activities

The credit union offers in-house seminars that feature CRA, ECOA and compliance training. In-house training programs are also offered. The credit union employs 18 individuals. Of these, four are fluent in Portuguese, Creole, French Creole, Spanish and Polish. The credit union's staff has developed relationships with area organizations, which assist in its monitoring of community needs as well as informing the community of the credit services offered by the institution.

The performance levels achieved by Brockton Brotherhood Credit Union in lending to borrowers of different income levels and lending in low and moderate-income census tracts indicates that the credit products offered, the marketing efforts and seminars meet the needs of its assessment area. To insure consistency in underwriting practices the credit union has implemented a second review practice in which the chief executive officer and the credit committee review all denied credit applications.

Minority Application Flow

A review of the 2000 and 2001 HMDA data indicates that the credit union received 12 applications from minorities, of which 9 or 75.0% were originated. This represents 44.4% of the 27 applications received. Of these, 7 or 25.9% were from Others, 4 or 14.8% were from Hispanics and 1 or 3.7% was from Blacks. Brockton Brotherhood Credit Union's assessment area contains a total population of 164,577 individuals, of which 23,966 or 14.6% are minorities. The assessment area's minority population includes 7.7% Black, 3.7% Hispanic, 1.8% Other, 1.1% Asian, and 0.3% Native American.

Based upon the above, Brockton Brotherhood Credit Union's minority application flow is found to be satisfactory.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

BROCKTON BROTHERHOOD CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **April 16, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.